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Thailand

Sugar

Situation and Outlook of Organic Sugar

2006

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Report Highlights:

Thailand currently exports around 2,000 – 3,000 tons of organic sugar, mostly to European countries. Over the medium term, annual organic sugar exports will likely reach 10,000 tons, due to more available supplies of organic sugarcane. However, it is still marginal, compared to total sugar production.

Includes PSD Changes: No
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Executive Summary

Thailand is the world's third largest sugar exporter, accounting for about 10 percent of global sugar exports but there are only a few countries providing organic sugar. Almost all sugar exports are conventional sugar, amounting to 4-5 million tons, half of which is raw sugar. Meanwhile, organic sugar exports are currently marginal at around 2,000 – 3,000 tons annually. However, Thailand has high potential for organic sugar exports in the near future. Some land still needs a few years for conversion.

Situation and Outlook of Thai Organic Sugar Production

Thailand's conventional sugarcane production reached a record 74 million tons in MY 2003, producing around 7.3 million tons of sugar, which accounted for about 5 percent of global centrifugal sugar production. However, sugar production dropped significantly in MY 2004 due to a severe drought-damaged sugarcane crop. This year's cane production is expected to decline for the third consecutive year to around 42 million tons in response to continued drier weather conditions. All sugarcane is used for sugar production, amounting to around 4.5 million tons. Meanwhile, organic sugarcane has just recently been developed by small-scale sugar millers. At the moment, organic sugarcane acreage is estimated at around 3,000 rai (roughly 480 hectare) with annual production of around 27,000 tons of sugarcane, producing approximately 3,000 tons of organic sugar. The production is made to order and certified by European certifying bodies. Acreage expansion is expected in the near future, as some large-scale sugar millers have invested in organic sugarcane cultivation and milling facilities. Within the next couple of years, total organic sugarcane acreage will likely reach 15,000 rai (roughly 2,400 hectares), with an annual organic sugar production at around 10,000 – 14,000 tons. Moreover, in the longer term, the potential of acreage expansion is up to 200,000 rai (roughly 32,000 hectares), with an annual organic sugar production of around 180,000 tons.

Thailand's Organic Sugar Export Prospect

Annual domestic consumption of sugar is around 2 million tons. In MY 2003 when Thailand had a bumper cane crop, conventional sugar exports reached 5.3 million tons, half of which was raw sugar. Most sugar is exported to Asian countries. However, Thai sugar exports are expected to decline for the third consecutive year to 2.7 million tons in MY 2006 in response to limited exportable supplies, resulting from continued drought-impacted crops. Meanwhile, organic sugar exports are still insignificant, at around 2,000 – 3,000 tons due to limited organic cane cultivation. All organic sugar is currently exported to European countries. Thai organic sugar exports are forecast to reach around 10,000 tons annually over the medium term, and will likely expand to 100,000 tons in the longer term. The major market for Thai organic sugar will remain in European countries. Meanwhile, the market potential in the U.S. is still limited due to high tariff rates, high transportation cost, and certification equivalencies.

End of Report.